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## **ENVIRONMENTAL PROTECTION AGENCY**

### **40 CFR Parts 52**

**[EPA-R06-OAR-2011-0426; FRL-9485-3]**

### **Approval and Promulgation of Implementation Plans;**

### **Texas; Regulations for Control of Air Pollution by Permits for New Construction or Modification**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Final rule.

**SUMMARY:** EPA is approving portions of three revisions to the Texas State Implementation Plan (SIP) submitted by the State of Texas on August 31, 1993; July 22, 1998; and October 5, 2010. These revisions amend existing sections and create new sections in Title 30 of the Texas Administrative Code (TAC), Chapter 116 - Control of Air Pollution by Permits for New Construction or Modification. The August 31, 1993, revision creates two new sections for the use of emission reductions as offsets in new source review permitting. The July 22, 1998, revision allows for the use of Discrete Emission Reduction Credits (DERC) to exceed emission limits in permits (permit allowables) and updates internal citations to other Texas regulations. The October 5, 2010, revision updates internal citations to other Texas regulations. EPA has determined that these SIP revisions comply with the Clean Air Act

and EPA regulations and are consistent with EPA policies. This action is being taken under authority of the Federal Clean Air Act (the Act or CAA).

**DATES:** This final rule is effective on **[Insert date 30 days from date of publication in the Federal Register].**

**ADDRESSES:** EPA has established a docket for this action under Docket ID No. EPA-R06-OAR-2011-0426. All documents in the docket are listed in the *www.regulations.gov* index. Although listed in the index, some information is not publicly available, e.g., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, will be publicly available only in hard copy. Publicly available docket materials are available either electronically in *www.regulations.gov* or in hard copy at the Air Planning Section (6PD-L), Environmental Protection Agency, 1445 Ross Avenue, Suite 700, Dallas, Texas 75202-2733. The file will be made available by appointment for public inspection in the Region 6 FOIA Review Room between the hours of 8:30 a.m. and 4:30 p.m. weekdays except for legal holidays. Contact the person listed in the **FOR FURTHER INFORMATION CONTACT** paragraph below or Mr. Bill Deese at 214-665-7253 to make an appointment. If possible, please make the appointment at least two working days in advance of your visit. There will be a 15 cent per page fee for making photocopies of documents. On the day of the visit, please check in at the EPA Region 6 reception area at 1445 Ross Avenue, Suite 700, Dallas, Texas.

The State submittal related to this SIP revision, and which is part of the EPA docket, is also available for public inspection at the State Air Agency listed below during official business hours by appointment:

Texas Commission on Environmental Quality, Office of Air Quality, 12124 Park 35 Circle, Austin, Texas 78753.

**FOR FURTHER INFORMATION CONTACT:** If you have questions concerning today's final action, please contact Ms. Erica Le Doux (6PD-R), Air Permits Section, Environmental Protection Agency, Region 6, 1445 Ross Avenue (6PD-R), Suite 1200, Dallas, Texas 75202-2733, telephone (214) 665-7265; fax number (214) 665-6762; email address [ledoux.ERICA@epa.gov](mailto:ledoux.ERICA@epa.gov).

**SUPPLEMENTARY INFORMATION:** Throughout this document wherever, any reference to "we," "us," or "our" is used, we mean EPA.

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## **I. What final action is EPA Taking?**

We are fully approving severable portions of three revisions to the Texas SIP submitted on August 31, 1993; July 22, 1998; and October 5, 2010. The August 31, 1993, SIP submittal creates two new sections, 116.174 and 116.175, establishing the requirements for use and recordkeeping of emission reductions in New Source Review (NSR) permitting. The July 22, 1998 SIP submittal creates a new section at 116.116(f) that allows Discrete Emission Reduction Credits (DERCs) to be used to exceed permit allowables; and amends existing section 116.174 to correctly cross-reference other Texas permitting regulations. The October 5, 2010, SIP submittal amends section 116.116(f) to correctly cross-reference the SIP-approved DERC rules at Title 30 of the Texas Administrative Code (30 TAC) Chapter 101, Subchapter H, Division 4. We are fully approving new sections 116.174 and 116.175 submitted on August 31, 1993. We are approving new section 116.116(f) and amendments to section 116.174 submitted on July 22, 1998. Finally, we are fully approving the amendment to section 116.116(f) submitted on October 5, 2010.

EPA acted on the above SIP revisions through a direct final rulemaking and accompanying proposed rule action on July 25, 2011 at 76 FR 44271 and 76 FR 44293, respectively. In our direct final action we stated that we would withdraw our direct final approval if we received relevant adverse comments before August 24, 2011. Because EPA received one adverse comment, we withdrew our direct final action on September 15, 2011 at 76 FR 56982. As we discussed in our direct final and proposed rulemaking actions, in this notice we are proceeding with a final action and responding to the comment. The revisions submitted by Texas amend existing sections and create new sections in 30 TAC Chapter 116 – Control of

Air Pollution by Permits for New Construction or Modification and they comply with the CAA and EPA regulations, are consistent with EPA policies, and will improve air quality. This final approval is being taken under section 110 and parts C and D of the CAA.

Finally, EPA is revising the title used in the direct final action to remove a reference to Permits by Rule. Because this action does not change any provision of Texas' Permits by Rule program, we are removing the reference to Permits by Rule to clarify that such rules are not part of this action.

## **II. What is the background for this action?**

We are approving severable provisions of three SIP revisions that the Texas Commission on Environmental Quality (TCEQ) adopted on August 16, 1993; June 17, 1998; and September 15, 2010; and submitted to EPA on August 31, 1993; July 22, 1998; and October 5, 2010; respectively. Copies of the revised rules as well as the Technical Support Document (TSD) can be obtained from the Docket, as discussed in the "Docket" section above. A discussion of the specific Texas rule changes that we are approving is included in the TSD and summarized below. The TSD also contains a discussion as to why EPA is not taking action on certain provisions of each Texas SIP submittal and documents why these provisions are severable from the provisions that we are approving.

### **A. *August 31, 1993, Submittal***

#### **1. Section 116.174 – Determination by Executive Director to Authorize Reductions**

The TCEQ adopted section 116.174 on August 16, 1993, to provide the criteria by which the TCEQ Executive Director (ED) will determine whether emission reductions can be used for

purposes of NSR permitting. Section 116.174 requires that the ED approve reductions for use pursuant with requirements set forth in SIP-approved section 116.170. Additionally, any emission reductions approved for use as offsets by the ED must be made as enforceable permit conditions.

2. Section 116.175 – Recordkeeping

The TCEQ adopted new section 116.175 on August 16, 1993, to establish that the recordkeeping burden for the generation and use of emission reductions in NSR permitting is on the applicant. The TCEQ will only maintain records associated with the permit application and files. The permit applicant is responsible for making all records related to the emission reductions available upon request by the ED.

*B. July 22, 1998, Submittal*

1. Section 116.116(f) – Use of credits

The TCEQ adopted new section 116.116(f) on June 17, 1998, to provide that DERCs generated under the TCEQ's banking and trading provisions at 30 TAC 101.29 can be used to exceed permit allowables, if all applicable requirements of section 101.29 are satisfied. Since the adoption of section 116.116(f), the TCEQ has recodified the SIP-approved DERC provisions from 30 TAC 101.29 to 30 TAC 101.376. The use of DERCs cannot be used to authorize any physical changes to a facility.

EPA reviewed and conditionally approved the DERC program on September 6, 2006 at 71 FR 52703. This conditional approval was converted to a full approval on May 18, 2010 at 75 FR 27644. The full approval action resulted after we found that TCEQ satisfied all elements that were outlined in a commitment letter submitted by TCEQ, dated September 8, 2005. This commitment letter can be found in the docket for our approval of the DERC program at EPA-

R06-OAR-2005-TX-0029. The DERC rules establish a type of Economic Incentive Program (EIP), in particular an open market emission trading (OMT) program as described in EPA's EIP Guidance document, "Improving Air Quality with Economic Incentive Programs" (EPA-452/R-01-001, January 2001). In an OMT program, a source generates short-term emission credits (called discrete emission reduction credits, or DERCs, in the Texas program) by reducing its emissions. The source can then use these DERCs at a later time, or trade them to another source to use at a later time. The trading program assumes that many sources will participate and continuously generate new DERCs to balance with other sources using previously generated discrete credits. DERCs are quantified, banked and traded in terms of mass (tons) and may be generated and used statewide. Reductions of all criteria pollutants, with the exception of lead, may be certified as DERCs.

## 2. Section 116.174 – Determination by Executive Director to Authorize Reductions

The TCEQ adopted amendments to section 116.174 on June 17, 1998, to remove outdated references to the Texas Air Control Board, and to update references to other sections of the Texas NSR permitting regulations where emission reductions can be used in permits.

### C. *October 5, 2010, Submittal*

#### Section 116.116(f) – Use of credits

The TCEQ adopted amendments to section 116.116(f) on September 15, 2010, to change references to outdated section 101.29 to the current SIP-approved section 101.376.

In our July 25, 2011, direct final action, we presented our evaluation of these revisions to amend existing sections and create new sections in 30 TAC Chapter 116 - Control of Air Pollution by Permits for New Construction or Modification. Generally, SIP rules must be

enforceable and must not relax existing requirements. See CAA sections 110(a), 110(l), and 193. EPA's review of the August 31, 1993; July 22, 1998; and October 5, 2010; SIP revisions finds that all three submittals are consistent with the requirements at 40 CFR Part 51 and are considered complete SIP submittals in accordance with 40 CFR Part 51, Appendix V. This detailed analysis is available in the TSD for this rulemaking.

### **III. What are EPA's responses to comments received on the proposed action?**

EPA received one adverse comment on our proposed action, available in the docket. As discussed previously, because we received an adverse comment within the comment period, EPA withdrew our direct final rulemaking on September 15, 2011, 76 FR 56982. We are proceeding with a final action in this notice.

A summary of the comment EPA received is as follows: The implementation of this rule would shutdown the Luminant Big Brown Mine and Power Plant in Freestone County, Texas. The effects would be disastrous to the community of Fairfield, Texas, where the commenter lives and works. The closure of this facility would cause an economic decline because the plant is the main economic driving force for this community; as a result, people will leave the area to find work. People vacating the area would cause a decline in the housing and retail market, both of which, the commenter and his wife are active participants. The commenter wants the government to reconsider the rule.

The commenter did not provide any basis for why this action will cause the shutdown of the mentioned power plants and consequently cause the economic decline of the surrounding



communities, nor did he call attention to any specific parts of the rule that would cause this to happen. While EPA is just now approving these rules as revisions to the Texas SIP, Texas has been implementing these rules since they became effective in 1993 and 1998. If these rules had the potential to result in the plant closures and the local community's economic decline outlined in the comments, this potential would have existed since the 1993 and 1998 revisions associated with these rules. However, the commenter did not identify any past plant closures and economic decline as a result of these rules. Accordingly, these SIP revisions and amendments should be approved.

The Clean Air Act was enacted by Congress. 42 U.S.C.A. § 7401. Under the Act, EPA is authorized to set clean air standards. 42 U.S.C.A. § 7409. States are authorized to choose control strategies to meet these standards. 42 U.S.C.A. § 7410(a). EPA can approve the strategies into state implementation plans, as long as the strategies are consistent with the Act. 42 U.S.C.A. § 7410(l). As we stated in our proposal, and in section II of this notice, EPA finds the submitted SIP revisions to 30 TAC Chapter 116 as identified earlier herein are consistent with the Act. EPA is making no changes to our proposed action as a result of this comment.

#### **IV. Statutory and Executive Order Reviews**

Under the Clean Air Act, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the Clean Air Act. Accordingly, this action merely

approves state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this action:

- is not a "significant regulatory action" subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735, October 4, 1993);
- does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the Clean Air Act; and
- does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, this rule does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the state, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

The Congressional Review Act, 5 U.S.C. section 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this action and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the **Federal Register**. A major rule cannot take effect until 60 days after it is published in the **Federal Register**. This action is not a “major rule” as defined by 5 U.S.C. 804(2).

Under section 307(b)(1) of the Clean Air Act, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by **[FEDERAL REGISTER OFFICE: insert date 60 days from date of publication of this document in the Federal Register]**. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this action for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed, and shall not postpone the effectiveness of such rule or action. This action may not be challenged later in proceedings to enforce its requirements. (See section 307(b)(2).)

**List of Subjects in 40 CFR Part 52**

Environmental protection, Air pollution control, Carbon monoxide, Incorporation by reference, Intergovernmental relations, Lead, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides, Volatile organic compounds.

Dated: October 21, 2011

Al Armendariz,

Regional Administrator, Region 6.

40 CFR part 52 is amended as follows:

**PART 52 - [AMENDED]**

1. The authority citation for part 52 continues to read as follows:

**Authority:** 42 U.S.C. 7401 *et seq.*

**Subpart SS – Texas**

2. The table in §52.2270(c) entitled “EPA Approved Regulations in the Texas SIP” is amended as follows:

- a. By revising the entry for § 116.116;
- b. By adding new entries for §§ 116.174 and 116.175.

The additions and revisions read as follows:

**§ 52.2270 Identification of plan.**

\* \* \* \* \*

(c) \* \* \*

**EPA Approved Regulations in the Texas SIP**

State citation	Title/Subject	State approval/ Submittal date	EPA approval date	Explanation
* * * * *	* *			
<b>Chapter 116 (Reg 6) – Control of Air Pollution by Permits for New Construction or Modification</b>				
* * * * *	* *			

<b>Subchapter B – New Source Review Permits</b>				
<b>Division 1 – Permit Application</b>				
* * * * *				
Section 116.116	Changes to Facilities	9/15/2010	[Insert date of <b>FR</b> publication] [Insert <b>FR</b> page number where document begins]	The SIP does not include paragraph (b)(3) and (b)(4), and subsection (e).
* * * * *				
<b>Division 7 – Emission Reductions: Offsets</b>				
* * * * *				
Section 116.174	Determination by Executive Director to Authorize Reductions	6/17/1998	[Insert date of <b>FR</b> publication] [Insert <b>FR</b> page number where document begins]	
Section 116.175	Recordkeeping	8/16/1993	[Insert date of <b>FR</b> publication] [Insert <b>FR</b> page number where document begins]	
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[FR Doc. 2011-28256 Filed 11/01/2011 at 8:45 am; Publication Date: 11/02/2011]